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CC Docket No. 00-04

Filed January 31, 2000

In the Matter of)
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Application by SBC Communications Inc.,)
Southwestern Bell Telephone Company, and)
Southwestern Bell Communications Services,)
Inc. d/b/a Southwestern Bell Long Distance)
for Provision of In-Region, InterLATA)
Services in Texas)

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for Provision of In-Region, InterLATA)
Services in Texas)

DECLARATION OF
NANCY DALTON and SARAH DeYOUNG
ON
BEHALF OF AT&T CORP.

NANCY DALTON and SARAH DeYOUNG

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
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Application by SBC Communications)	
Inc., Southwestern Bell Telephone)	
Company, and Southwestern Bell)	CC Docket No. 00-4
Communications Services, Inc. d/b/a)	
Southwestern Bell Long Distance For)	
Provision of In-Region, InterLATA)	
Services in Texas)	

DECLARATION OF NANCY DALTON and SARAH DeYOUNG

ON BEHALF OF

AT&T CORPORATION

I. INTRODUCTION AND QUALIFICATIONS

A. Nancy Dalton.

1. My name is Nancy Dalton. Since March, 1996, I have been involved with and have led the Interconnection Agreement Negotiations with Southwestern Bell ("SWBT") on behalf of AT&T. Dating back to the Texas PUC's approval of the initial SWBT-AT&T Interconnection Agreement, I have been responsible for working directly with SWBT to deploy those Operational Support Systems and Interfaces (the OSS) between AT&T and SWBT that are necessary to perform the functions associated with pre-order, ordering, provisioning, repair/maintenance and billing. In this implementation role, I have had direct responsibility for customer impacting service issues and I have direct knowledge as to the effectiveness of

SWBT's wholesale infrastructure and support in responding on issues critical to AT&T's ability to serve its end user customers in Texas.

2. I attended and graduated from the Burdett School, a business school in Boston, Massachusetts. I received my Masters in Business Administration from Southern Methodist University.

3. Since joining AT&T in 1984, I have held positions in Business Communications Services ("BCS"), with responsibility for handling customer inquiries (e.g., billing); BCS, with responsibility for developing customer service methods and procedures; Network Services, with responsibility as a project manager for AT&T network-related billing conversions required to convert specific functions from LECs to AT&T; Consumer Communications Services ("CCS"), with responsibility as a project manager for billing processes for AT&T calling-card and operator-handled calls (e.g., usage recording, rating, message processing, bill calculation, bill rendering, payment processing, customer service, collections, and journalization); CCS, with responsibility for the AT&T Baldrige Application research and site visit teams; and the Consumer Communications Local Services Organization, with responsibility for local market entry planing.

4. In March 1996, I joined the AT&T Local Services Organization, where I have had responsibility for Southwest Region business planning and negotiations, including OSS implementation negotiations.

5. I have had extensive involvement in the proceedings relating to SWBT's application for Section 271 interLATA authority in Texas. Those proceedings were initiated by SWBT in the Spring of 1998, and since then I have provided testimony -- both by affidavit and

in person -- before the Texas Public Utilities Commission ("PUC") regarding OSS issues on numerous occasions. I have participated as an AT&T witness and representative in interconnection arbitrations, implementation and dispute resolution proceedings, and Section 271 related dockets before the Texas PUC. I have also participated in numerous OSS workshops conducted by the Texas PUC Staff as part of a "collaborative process," which the Texas PUC initiated. In addition, my team supported AT&T's participation in the Texas OSS Testing project. I am personally familiar with, and have detailed knowledge of, the current state of OSS offered by SWBT in Texas and throughout its region. I have also provided testimony on OSS issues in proceedings concerning SWBT's applications for Section 271 interLATA authority in Oklahoma, Missouri, Kansas and Arkansas.

B. Sarah DeYoung.

6. My name is Sarah DeYoung. I am Division Manager -- Local Services for AT&T's Southwestern/PACIFIC Region Local Services and Access Management Organization. In this position, I have responsibility for the business relationship with SBC Communications ("SBC") to support AT&T's plans for local service market entry and for negotiations with SWBT, Pacific Bell ("PACIFIC"), and Southern New England Telephone ("SNET") to facilitate such market entry. Among the matters I have personally focused on is SWBT's unbundled network element ("UNE") Loop "Coordinated Hot Cut" processes and related UNE Loop Performance. In that capacity, I am actively involved with various SWBT teams that are responsible for working with AT&T as a local service provider. Among the teams or organizations at SWBT with which I and members of my organization have frequent -- sometimes daily -- contact are: SWBT's AT&T account team; SWBT systems representatives;

SWBT's Local Service Center ("LSC"); the Local Operations Center ("LOC"); and project teams implementing various system, operational and engineering changes at SWBT. Through SWBT's AT&T Account Team I am also in frequent contact with policy makers at SWBT's parent corporation, SBC, regarding a multitude of local issues that bear on activities in our region.

7. I hold a Bachelor of Arts degree from the University of Michigan in Ann Arbor, and a Master of Management degree from the Kellogg School of Business at Northwestern University, Chicago, Illinois.

8. I joined AT&T in 1982. Subsequently, I worked in various local exchange supplier management positions and in a wide variety of engineering and finance positions. In 1995, I managed AT&T's Total Services Resale and Loop Resale operational discussions with Ameritech. In 1996, I was Program Manager -- Negotiations Support in AT&T's Central States Region. In that position, I was responsible for supporting the executive team that led AT&T's interconnection negotiations with Ameritech and provided subject matter expertise on a number of local issues. From late 1996 until earlier this year, I acted as AT&T's Single Point of Contact with Pacific on all OSS and operational issues associated with AT&T's market entry in the state of California.

9. More recently, I have also supported AT&T's account team interaction with SWBT on UNE-Loop related issues impacting AT&T's ability to provide reliable service to AT&T's small business customers. I have pioneered AT&T's efforts to develop with SWBT process flows, operational agreements, root cause analysis, and performance improvement plans -- the purpose of which is to minimize unanticipated service outage, reduce occurrence of other

provisioning problems, reconcile performance measure date, and reach agreement on operational issues that will permit AT&T to grow the small business customer segment of AT&T's business through a facilities switch-based offering. Many of the issues raised in this context, particularly those with serious customer impact (e.g. double billing) are linked to OSS concerns.

II. PURPOSE AND SUMMARY OF DECLARATION

10. The purpose of this Declaration is to respond to SWBT's assertion that it has demonstrated, in its present application, that it has met the OSS requirements imposed by Section 271 of the Federal Telecommunications Act of 1996 ("1996 FTA").

A. SWBT's OSS Obligations

11. In its 1996 Local Competition Order, the Commission found that the "massive operations support systems employed by incumbent LECs, and the information such systems maintain and update to administer telecommunications networks and services, represent a significant potential barrier to entry".¹

12. The Commission further recognized that -- without non-discriminatory access to the OSS used by incumbent LECs like SWBT -- AT&T and other CLECs would be effectively prevented from providing competitive local telecommunications service:

[I]f competing carriers are unable to perform the functions of pre-ordering, ordering, provisioning, maintenance and repair, and billing for network elements and resale services in substantially the same time and manner that an incumbent can for itself, competing carriers will be severely disadvantaged, if not precluded altogether, from fairly competing. Thus providing nondiscriminatory access to these support systems functions, which would include access to the information

¹ First Report and Order, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 (August 8, 1996) ("Local Competition Order") ¶ 516.

such systems contain, is vital to creating opportunities for meaningful competition.²

Systems that are slow to respond, or that are unreliable or inaccurate, would defeat a CLEC's best efforts to ensure that its customers get the services they request on a timely, competitive basis. No carrier can serve a commercially significant volume of customers effectively without well-designed, properly implemented, operationally stable and reliable OSS.

13. Accordingly, the Commission concluded in its Local Competition proceedings that:

In order to comply fully with section 251(c)(3) an incumbent LEC must provide, upon request, nondiscriminatory access to operations support systems functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing of unbundled network elements under section 251(c)(3) and resold services under section 251(c)(4).³

14. "Nondiscriminatory access" means that SWBT must provide AT&T and other CLECs with OSS access which is "the same" as,⁴ or "equal to,"⁵ that which SWBT provides to

² Local Competition Order, ¶ 518. See also, Bell Atlantic-New York Order ¶ 83.

³ Local Competition Order, ¶ 525. See also, id., ¶¶ 316, 517, 523. Application of Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York. CC Docket No. 99-295, Memorandum Opinion and Order released December 22, 1999, ¶ 83 (Bell Atlantic-New York Order).

⁴ Local Competition Order ¶ 523 ("the incumbent must provide the same access to competing providers" that it provides to its own customer service representatives: ¶ 316 ("the incumbent must provide access to [OSS] functions under the same terms and conditions that they provide services to themselves or their customers"); ¶ 518 (competing providers must be provided with the ability "to perform the functions of pre-ordering, ordering, provisioning, maintenance and repair and billing for network elements and resale services in substantially the same time and manner that an incumbent can for itself") (emphasis added).

⁵ See id., ¶ 519 (generally relying upon state commission orders "ordering incumbent LECs to provide interfaces for [OSS] access equal to that the incumbent provides itself"); ¶ 315 (access must be provided on terms that are "equal to the terms and conditions under which the incumbent LEC provisions

its own customer service representatives for all OSS functions (i.e., pre-ordering, ordering, provisioning, repair and maintenance, and billing) “under terms and conditions that would provide an efficient competitor with a meaningful opportunity to compete”, using any of the three modes of entry prescribed by the Act (i.e., interconnection, UNEs, or resale.)⁶

15. Determining whether SWBT meets this parity access standard requires the following two-part inquiry:

First, the Commission must determine whether [SWBT] has deployed the necessary systems and personnel to provide sufficient access to each of the necessary OSS functions and whether [SWBT] is adequately assisting competing carriers to understand how to implement and use all of the OSS functions available to them’ (e.g., providing specifications needed for systems design or modification, formatting and processing information needed for quick and efficient flow-through, and internal ‘business rules’, including USOCs, FIDs, and other ordering codes). Second, the Commission must determine whether the OSS functions that [SWBT] has deployed are operationally ready, as a practical matter.⁷

The second part of this inquiry (i.e. “operational readiness”) requires an assessment of the commercial readiness of a BOC’s OSS, based on available evidence of commercial usage and/or testing, as well as capacity and system scalability.⁸

such elements to itself”); Second Order on Recon., ¶ 9 (OSS access must be “at least equivalent: or “equal to” the access that the incumbent LEC provides to itself) (emphasis added).

⁶ Local Competition Order, ¶¶ 514 & nn. 1244-47, 519, 523, 315-16; Second Order on Reconsideration, ¶ 9; Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region InterLATA Services in Michigan, CC Docket No. 97-137, Memorandum Opinion and Order, 12 FCC Red 20543 (1997) (Ameritech Michigan Order). Ameritech-Michigan Order, ¶¶ 55, 128, 130, 133, 137, 141, 143, 158, 166, 179.

⁷ Ameritech Michigan Order, ¶¶ 136-37 (emphasis added).

⁸ Bell Atlantic-New York Order, ¶ 89; Application of BellSouth Corporation, Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region InterLATA Services in South Carolina, CC Docket No. 97-208, Memorandum Opinion and Order, FCC 97-418, ¶ 97 (released Dec. 24, 1997) (BellSouth-South Carolina Order) ¶ 97.

B. Summary of Conclusions

16. In this Declaration, we will deal primarily with the questions of (1) “whether [SWBT] has deployed the necessary systems” to provide AT&T with the requisite access to each of its pertinent OSS functions, (2) whether SWBT is adequately assisting AT&T “to understand how to implement and use all of the OSS functions available” (including particularly through SWBT’s adherence to adequate change management processes and the timely communication to AT&T of the system requirements and “business rules” needed for the quick and efficient flow-through of data),⁹ and (3) whether the systems developed by SWBT are “operationally ready”. SWBT’s contentions that the operational readiness of its OSS is demonstrated (1) by certain OSS testing in Texas performed by Telcordia Technologies, Inc. (“Telcordia”), and (2) by SWBT’s performance on certain performance measures adopted by the Texas PUC are more fully dealt with in the accompanying Declarations of Nancy Dalton and Timothy Connolly (pertaining to the Telcordia test), and C. Michael Pfau and Sarah DeYoung (pertaining to performance measures). Also, matters relating specifically to SWBT’s OSSs used in conjunction with ordering and provisioning unbundled loops are discussed briefly here and in further detail in the accompanying Declaration of Sarah DeYoung.

1. Change Management

17. A Texas CLEC’s ability to execute an effective market entry strategy, and build a solid reputation for reliable service, is utterly dependent on how well SWBT is able to introduce and implement changes in the OSS environment. In this critical area of change management, SWBT has a clearly established pattern of failing to follow even its own

⁹ Id.

procedures. These failures appear in the form of inaccurately published system requirements, last minute changes to pre-announced requirements, inadequate pre-release internal testing, and shortened time intervals within which a CLEC can jointly test a new release prior to its implementation.

18. Worse than SWBT's failure to follow schedules and procedures for implementing announced changes have been those examples where SWBT has simply made changes without any announcement at all. The most recent example – an unannounced change in rating indicators used on daily usage records provided to CLECs – caused AT&T billing systems to interpret local call records as “operator handled” calls – resulting in overcharges to local customers. The vulnerability of a CLEC's operations to even well managed changes is high, but CLECs have no opportunity to prepare for or defend against unilateral changes such as this. The negative impression left with local customers is extraordinarily difficult to overcome, particularly for new local market entrants.

19. The likelihood that a CLEC will suffer a disabling blow from a problem with a new SWBT release is increased dramatically by SWBT's continuing failure to implement EDI “versioning” capability to support simultaneous releases. The alternative – “flash cut” implementation – exposes CLECs to unacceptable risks directly impacting their ability to serve Texas local service consumers. SWBT's failure in this regard distinguishes it from other BOCs (including Bell Atlantic), who support versioning capability. The earliest that SWBT will make EDI versioning availability – based on a schedule that has slipped more than once – is July 22, 2000, despite a TPUC deadline of January 15, 2000.

2. Lack of Non-Discriminatory Access to Essential OSS Functionality

20. The fact that SWBT fails to provide Texas CLECs with non-discriminatory access to essential OSS functionality is best illustrated by identifying some of the serious risks that are likely to confront a competing carrier in the process of converting an existing SWBT local customer. Unfortunately, the risks are both higher in number and greater in impact than the pitfalls that may confront SWBT in its attempts to acquire and serve local retail customers. These risks arise directly from differences in the OSS functionality that SWBT makes available to CLECs to accomplish the end-to-end process of establishing and transitioning end user customers.

21. Distinctions between SWBT's retail experience and the experience of its CLEC wholesale customers appear at each step of the process, covering: retrieval and confirmation of customer service information needed in the ordering process, procedures for completing and submitting a customer service request, access to critical maintenance and testing functionality, securing accurate records from which end users can be billed appropriate charges and from which interexchange carriers can be billed access, creating and maintaining database records containing customer information, and the process by which orders post in SWBT's back end billing systems.

22. Even before a CLEC service request makes its way to SWBT's back-end provisioning systems, obstacles exist to slow down the process of transitioning new customers. Progress through the ordering process is subject to increased potential for delay, for example, because of differences in how SWBT provides notification of order entry errors to CLECs.

Based on the most current data, those error messages that SWBT creates manually are taking an average 35 business day hours to be returned to Texas CLECs.

23. In contrast, vastly superior up front edit capability available to SWBT retail service representatives through the EASE system reduces to a minimum the possibility that an order will ever be “submitted” containing an uncaught error. Even in the unlikely event that an error is missed by all of the EASE system’s 3,000 “on screen” edits, SWBT provides its retail representatives with a quick, automatically generated error messages returned directly from SWBT’s back end systems.

24. In addition to the relative speed with which error notifications are returned, CLECs also face higher risks of making an error that will result in delayed or inaccurate provisioning of a customer’s service. In the process of retrieving and confirming customer information to use in completing the ordering process, service address information is more likely to be inaccurate, for example, due to SWBT practice of returning to the CLEC both the current address associated with a telephone number as well as outdated addresses to which the telephone number was previously assigned.

25. Further, where SWBT service representatives have access to an “integrated” capability in EASE to seamlessly retrieve customer information and have it automatically populate the appropriate order fields, a comparable experience is not available to Texas CLECs using either the industry standard EDI or SWBT’s proprietary LEX interfaces. The potential that an error will be made in entering accurate information, or that inaccurate information retrieved from SWBT’s “pre-ordering” systems will be used in the ordering process or that accurate

information will be incorrectly formatted – resulting in rejection of the order -- again is much greater for a CLEC than it is in SWBT's retail environment.

26. Disadvantages built into the CLEC ordering process result in more than additional work on the part of the CLEC. Meeting a commitment to provision service on the date committed to is, as a practical matter, more difficult for a CLEC than it is for SWBT. Even though a Texas CLEC can request "same day" installation dates on a UNE Platform order sent before 3 o'clock, the due date can come and go before the CLEC even knows that the process will need to begin again – with a new due date -- because of an error in the order. In addition, AT&T's experience has been that some orders are rejected by SWBT in error – meaning that the CLEC is required to "start over" through no fault of its own. In one dramatic example, 2100 of a group of 3700 orders sent by AT&T were returned by SWBT in error – causing AT&T to have to reprocess the orders with later due dates.

27. Differences in how service orders are generated within SWBT's back end systems and how those orders "flow" to provisioning and billing also have consequences on a CLEC's ability to compete. Those consequences include the greater possibility that a customer will experience service outage at the time of installation as a result of a problem in SWBT's back end system "coordinating" multiple service orders associated with a CLEC request to convert a customer's service. SWBT admits that the orders can become disassociated and that a service outage can result, yet no commitment has been made to develop a less hazardous back end process flow.

28. Service orders for CLEC customers also are more likely to experience delays in posting to back end billing systems. At least two critical customer impacts can result from

delays in back-end posting: First, in the event the customer reports trouble, a CLEC will not be able to gain electronic access to diagnostic tools (e.g. Mechanized Loop Testing) or even submit an electronic trouble ticket. Second, delays in posting create the possibility that the customer will be double billed because SWBT continues to bill the local customer until posting is completed. Each of these customer-affecting problems – delayed response to service problems and receipt of double billing (even if subsequently corrected) -- will tarnish a CLEC's image with its customer.

3. Commercial Readiness

29. In the last section of our Declaration, we discuss AT&T's concerns with the scalability of SWBT's OSS – not just the systems, but the end-to-end processes necessary to sustain ordering volumes at increasing loads. With AT&T as the only carrier executing a UNE Platform market entry strategy for Texas residential customers, current usage of SWBT's interfaces (particularly EDI ordering) is not indicative of likely usage as competition from carriers with a variety of business plans grows. Moreover, some of the highest monthly usage levels for EDI are attributable to AT&T's one-time project of transitioning its embedded base of resale customers to its UNE Platform offering. SWBT has taken the position that this order activity was "unique to AT&T."¹⁰

30. Because of the absence of commercial usage of SWBT's OSS at competitive volumes, the Texas Public Utility Commission (TPUC) set up a process for carrier-to-carrier OSS testing supervised by Telcordia Technologies. Details concerning the testing, and AT&T's concerns about any reliance on the testing to gain comfort about the commercial readiness of

¹⁰ SWBT S. Kinney Letter to AT&T R. Wren, 7/1/99 (Attachment 1).

SWBT's OSS, are discussed separately in the Declaration of Nancy Dalton and Timothy Connolly, but are summarized in our discussion of commercial readiness. AT&T's criticisms range from inadequacies in the test design to deficiencies in identifying and resolving problems detected through the testing.

31. The Telcordia OSS Testing failed to imitate the likely range or volume of order activity that will challenge SWBT's OSS even in the immediate future, thus making it an inadequate substitute for real world evidence of SWBT's ability to handle the demands that will come with growth in competition. AT&T's greatest concerns include the likely adverse impact on timely and accurate provisioning, maintenance and billing – as SWBT is challenged to handle increasing order activity. The Telcordia Final Report cannot be relied upon for projections because it admittedly fails to draw any correlation between SWBT error rates at today's volumes – based on processes that are still too vulnerable to manual processing errors and backlogs -- and anticipated performance at significantly higher volumes.

32. In real world experience, reported results in several key categories raise concerns about SWBT's ability to handle not just future volumes, but today's load. In one particularly disturbing trend, for example, SWBT's ability to deliver a timely wholesale bill dropped down to 76.3 percent in December, even though the number of accounts billed was reported to be significantly lower than months with better performance. Concerns raised by SWBT's reported data against key OSS performance measurements are discussed here, as well as in the Declaration of Michael Pfau and Sarah DeYoung.

33. Evidence of troublesome performance even at low volumes is also apparent from the data collected in the Telcordia OSS Testing. In addition to an inadequately explained

11 percent loss of dial tone on conversion, for example, Telcordia reports that trouble ticket rates were recorded at 14.29 percent for CLEC test orders – versus only 3.47 percent in SWBT’s retail operation. In other key areas as well – order process flow, reject rates (including 24 percent manual rejects), processor utilization rates (as high as 99 percent during capacity testing), and missed due dates, the underlying data from the Telcordia testing provides no basis for optimism about the commercial readiness of SWBT’s OSS.

III. SWBT HAS NOT PROVIDED CLECS WITH THE TECHNICAL RESOURCES AND ASSISTANCE NECESSARY FOR PROPER IMPLEMENTATION AND MAINTENANCE OF ITS INTERFACES

34. The development of electronic interfaces between two carriers’ systems is a highly complex matter. It requires documentation of systems requirements, refinement of interface specifications, systems design, and systems development. Even if OSS are designed to provide nondiscriminatory access, they will not do so in actual operation unless BOCs provide CLECs with the information they need to enable them to use the BOCs’ OSSs successfully. Unless a CLEC knows all of the requirements governing the exchange of electronic records with a BOC, its orders are likely to be rejected, fall out for manual processing, or be provisioned inaccurately.

35. The BOC must also establish, and abide by, a Change Management Process that gives CLECs adequate advance notice of proposed changes to the BOC’s systems and enables CLECs to effectively implement such changes without disrupting their operations. A BOC’s OSS are constantly changing, and even seemingly minor changes can have a substantial effect on CLECs, disrupting their operations and resulting in rejections of orders, incomplete or